

IRS News Release

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IRS and Free File Alliance Reach Agreement

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WASHINGTON — The Internal Revenue Service and the Free File Alliance today announced agreement to renew their partnership, extending free tax services and electronic filing to an eligible 93 million taxpayers and providing important new consumer protections. This year, the Free File program served more than 5 million taxpayers with free tax software and IRS e-file.

The pact – an innovative public-private arrangement – will mean enhanced services to taxpayers, improved disclosure regarding refund anticipation loans and greater assurances of privacy protection. Free File made its debut during the 2003 filing season as a way to provide free services to moderate and low-income taxpayers.

"We think this is a constructive step forward. It allows Free File to continue to grow, but it also contains important new consumer protections," said Mark W. Everson, IRS Commissioner.

Free File is an easy, fast and secure way for citizens to file taxes and will also allow Americans to get refunds in half the time.

As part of the agreement, the IRS provides to taxpayers a listing of the Alliance members via the Free File web page, which is hosted on IRS.gov.

The Free File Alliance members are a consortium of tax software manufacturers that set their own criteria for taxpayer eligibility for free use of their software. The agreement calls for services to be provided to 70 percent of the nation's taxpayers. Taxpayers access Free File through IRS.gov. Alliance members and their services will be available beginning in January 2006 on the IRS Web site.

The new agreement includes the following:

- Alliance members who offer refund anticipation loans (RALs) will provide the highest standards of consumer protection upholding greater disclosure and consent requirements related to ancillary financial products i.e., fees and interest rates, information on other options for refunds, and full disclosure of RALs as loans rather than refunds;
- Alliance members will provide additional tax forms such as Form 4868 that allows for extensions to file;

- Alliance members' Web sites will display whether state online tax preparation and filing services are available and the associated fees, if any.
- This program will extend the benefits of on-line federal tax preparation and electronic filing to the taxpayers least able to afford e-filing their returns on their own.